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313 N. Figueroa Street, Suite 912
Los Angeles, CA 90012

Tel: (213)240-8101
Fax: (213) 481-0503

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*To ensure access to high-quality,
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care to Los Angeles County residents
through direct services at DHS facilities
and through collaboration with
community and university partners.*



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September 02, 2014

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**REQUEST TO ACCEPT COMPROMISE OFFERS OF SETTLEMENT
(ALL DISTRICTS)
(3 VOTES)**

SUBJECT

To request Board approval for the Director of Health Services (Director) to accept compromise offers of settlement for patients who received medical care at either County facilities and/or at non-County operated facilities under the Trauma Center Service Agreement. The compromise offers of settlement referenced below are not within the Director's authority to accept.

IT IS RECOMMENDED THAT THE BOARD:

Authorize the Director or his designee, to accept the attached compromise offers of settlement, pursuant to Section 1473 of the Health and Safety Code, for the following individual accounts:

Patients who received medical care at County facilities:

(1) Account Number LAC+USC – 3300234 \$40,000

Patients who received medical care at non-County facilities:

(2) Account Number EMS – 552 \$3,404

Total All Accounts: \$43,404

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

17 September 2, 2014

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Patients who received medical care at a County facility: The compromise offer of settlement for patient account (1) is recommended because the patient is unable to pay the full amount of charges and the compromise offer represent the maximum amount the Department was able to negotiate or was offered under the legal settlement involved in this case.

Patients who received medical care at non-County facilities: The compromise offer of settlement for patient account (2) is recommended because the County has agreements with certain non-County medical facilities under which it pays for emergency or trauma care provided to eligible indigent patients at those facilities. These agreements allow the County, after it has made payment for a particular patient, to pursue recovery from third parties who are financially responsible for such care.

The best interests of the County would be served by approving the acceptance of these compromises, as it will enable the Department of Health Services (DHS) to maximize net revenue on these accounts.

Implementation of Strategic Plan Goals

The recommended action supports Goal 1, Operational Effectiveness/Fiscal Sustainability, of the County's Strategic Plan.

FISCAL IMPACT/FINANCING

This will expedite the County's recovery of revenue totaling approximately \$43,404.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Under County Code Chapter Section 2.76.046, the Director has the authority to reduce patient account liabilities by the greater of i) \$15,000, or ii) \$75,000 or 50 percent of the account balance, whichever is less. Any reduction exceeding the Director's authority requires Board approval.

On January 15, 2002, the Board adopted an ordinance granting the Director authority to compromise or reduce patient account liabilities when it is in the best interest of the County to do so.

On November 1, 2005, the Board approved a revised ordinance granting the Director authority to reduce, on an account specific basis, the amount of any liability owed to the County which relates to medical care provided by third parties for which the County is contractually obligated to pay, and related to which the County has subrogation or reimbursement rights. The revised ordinance was adopted by the Board on December 8, 2005.

Typically, recoveries in legal settlements are divided approximately into thirds between plaintiff, plaintiff's attorney, and all medical lien holders, which would include the County's lien. Factors that contribute to each party receiving more or less than one-third of the recovery include the number of medical lien holders, the patient's attorney retainer agreement, and costs accrued by the patient during the legal process.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Maximizing net revenues on patients who received medical care at County facilities will help DHS meet its budgeted revenue amounts. All payments received for the trauma accounts (non-County facilities) will replenish the Los Angeles County Trauma Funds.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mitchell Katz". The signature is written in a cursive, flowing style.

Mitchell H. Katz, M.D.

Director

MHK:lg

Enclosures

c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 1
DATE: SEPTEMBER 2, 2014

Total Gross Charges	\$142,126	Account Number	3300234
Amount Paid	\$0	Service Type	Inpatient
Balance Due	\$142,126	Date of Service	09/02/2005 – 9/20/2005
Compromise Amount Offered	\$40,000	% Of Charges	28 %
Amount to be Written Off	\$102,126	Facility	LAC+USC Medical Center

JUSTIFICATION

This patient was involved in a personal injury that stemmed from mold in her home. As a result of this injury, the patient was treated at LAC+USC Medical Center and incurred total inpatient gross charges of \$142,126 for medical services rendered. The patient had ATP with no liability and no other coverage was found. The patient's third party liability (TPL) claim settled for \$250,000, the policy limit carried by the party responsible at the time of the accident, and the attorney is proposing the following disbursement of the proceeds:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement
Lawyer's Fees	\$82,500	\$82,500	33 %
Lawyer's Cost	\$14,286	\$14,286	6 %
LAC+USC Medical Center *	\$142,126	\$40,000	16 %
Other Lien Holders	-	-	-
Patient **	-	\$113,214	45 %
Total	-	\$250,000	100 %

* Offer is the highest amount negotiated with the patient's attorney given the statute of limitations has expired for pursuing recovery.

** Patient is receiving 45% of settlement for ongoing medical treatment.

This patient is covered by ATP (inpatient) and as a condition of the ATP agreements; the County may pursue reimbursement from any responsible third party. Based on DHS's outside collection agency's assessment and recommendation, it appears that the patient is unable to pay the full amount of charges and has no source of income to meet her obligation to LAC+USC Medical Center. This compromise offer of settlement is recommended because it represents the maximum amount the Department will be able to receive under the legal settlement involved in the case.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 2
DATE: SEPTEMBER 2, 2014

Total Charges (Providers)	\$19,221	Account Number	EMS 552
Amount Paid to Provider	\$6,425	Service Type / Date of Service	Outpatient 7/26/2013
Compromise Amount Offered	\$3,404	% of Payment Recovered	53%

JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at Long Beach Memorial Hospital and incurred total outpatient gross charges of \$19,221 for medical services rendered. The provider has received payment from the Los Angeles County Trauma Fund in the amount of \$6,425. The patient's third-party claim has been settled for \$15,000, the policy limit carried by the party responsible at the time of the accident, and his attorney is proposing the following disbursement of the proceeds:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement (\$15,000)
Attorney fees	\$3,000	\$3,000	20 %
Other Lien Holders *	\$10,677	\$5,596	37 %
Los Angeles County *	\$19,221	\$3,404	23 %
Patient		\$3,000	20 %
Total		\$15,000	100 %

* Lien holders are receiving 60% of the settlement (23% to Los Angeles County and 37% to others).

As stated in the Trauma Center Service Agreement, reimbursement to providers is for the hospital component of trauma services provided to eligible indigent patients.

Proposed settlement reimburses the Trauma Fund 53% (\$3,404) of amount paid to Long Beach Memorial Hospital.